

March 3, 2022

To: 2022 AER Administration Fee (Industry Levy) Recipients

Re: Industry Support for the Alberta Upstream Petroleum Research Fund (AUPRF)

On behalf of the Canadian Association of Petroleum Producers (CAPP), the Explorers and Producers Association of Canada (EPAC), Alberta Energy, and Alberta Environment and Parks, we encourage your company's contribution to support the Alberta Upstream Petroleum Research Fund (AUPRF). AUPRF is managed and administered through Petroleum Technology Alliance Canada (PTAC).

The AUPRF program is a unique collaboration between industry, government and regulators. We recognize the significant value the AUPRF applied research program provides the oil and natural gas industry through innovation and collaborative research and development.

The budget necessary to implement the 2022 research program is **\$4.1 million**. Your contribution to AUPRF is voluntary; however, we would like you to carefully consider the benefits of this program to the industry, and our collective ability to demonstrate progress on pressing environmental issues, including the reduction of GHGs. Your contribution to the program will assist with the development of new clean technologies and improved business processes.

Performance Highlights

- To date, 474 AUPRF projects have been launched and 56 Best Management Practices have been developed.
- The AUPRF program has a track record of success in reducing costs, increasing operational efficiencies, and filling research gaps needed to inform effective policy and regulatory development. The AUPRF program, over the last 15 years, has contributed \$31.4M to projects, leveraging over \$180 M in other funding and resulting in estimated operator cost savings of over **\$93M per year**.
- PTAC has demonstrated that industry funds are, on average, leveraged by 500% from other sources. ~~Not only does the AUPRF program leverage funds, but it also leverages expertise. The program benefits from a research and development network that is comprised of over 200 technical experts.~~
 - The Air Committee's work is helping with cost effective methane detection and mitigation strategies including the development of research, science and technology that will inform regulation and enable increased emission reductions.
 - The Reclamation and Remediation Committee's research focus is on scientific methods that inform the development of regulations and improve reclamation outcomes. Cost savings are realized through the implementation of more efficient site assessment and remediation approaches. An ongoing project, Evaluation of Reclamation Practices on Peatland Wellsites, has the potential to reduce costs on eligible sites in the order of \$100K per site.
 - The Water Committee's work focuses on identifying and removing barriers to water recycling in hydraulic fracturing operations in Alberta, and on decision support tools, including funding open public access of the Alberta Water Use Tool (<https://alberta-watertool.com/>). This tool is used to generate reports that support industry water diversion applications, and helps decision-makers and others understand real-time information about water resources in Alberta. An emerging area of interest is evaluating if a leak detection sensor could be

developed or adapted for temporary surface pipelines (TSP) as an alternative to visual inspections in support of safe TSP operations.

- The Ecological Committee has conducted work on grizzly bears and their relationship with linear features such as seismic lines and pipeline right of ways. They have also conducted studies on other species including woodland caribou and Canada Warbler populations, as well as several methods of restoring peat and prairie grass. These studies provide information on land management and how industry can be the best stewards of our provincial resources.
- The Well Abandonment Committee has conducted a variety of research projects advancing technologies and methodology understandings in the areas of cement placement inside and outside of casing, alternative cement products for surface casing vent flow (SCVF) repair and isolation plugs inside casing, SCVF/Gas Migration (GM) source identification, impacts of very low-rate SCVF/GM issues on the surrounding environment, and understanding of leak pathways within wellbores.

For more information on the AUPRF program, please visit: <https://auprf.ptac.org/>

As a funder, your organization is entitled to access electronic copies of all final reports from AUPRF projects, as well as best management practices developed to improve operational efficiencies and cost effectiveness. Your staff can get involved in the decision making process to set priorities for the research. Your organization will also be recognized publicly as a financial contributor to this program. Presentations and potential training activities may also be arranged, as requested.

We thank you for your cooperation, and hope that you will join our efforts in supporting the substantial value to industry generated by the AUPRF program.

For additional information on specific AUPRF projects, please contact: Tannis Such at PTAC: 403-218-7703 or tsuch@ptac.org.

For information on how your portion of the AUPRF funding was calculated, please contact: Anila Kaceli at the AER: 403-297-6985 or anila.kaceli@aer.ca.

Sincerely,



Grant Sprague, Deputy Minister,
Alberta Energy



Bev Yee, Deputy Minister,
Alberta Environment and Parks



Tim McMillan, President and CEO, CAPP



Tristan Goodman, President, EPAC